

SENATE AMENDMENTS

2nd Printing

By: Otto

H.B. No. 315

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the applicability of the law governing the ad valorem
3 taxation of a dealer's motor vehicle inventory.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 23.121(a)(3), Tax Code, is amended to
6 read as follows:

7 (3) "Dealer" means a person who holds a dealer's
8 general distinguishing number issued by the Texas Department of
9 Motor Vehicles under the authority of Chapter 503, Transportation
10 Code, or who is legally recognized as a motor vehicle dealer
11 pursuant to the law of another state and who complies with the terms
12 of Section 152.063(f). The term does not include:

13 (A) a person who holds a manufacturer's license
14 issued under Chapter 2301, Occupations Code;

15 (B) an entity that is owned or controlled by a
16 person who holds a manufacturer's license issued under Chapter
17 2301, Occupations Code; ~~or~~

18 (C) a dealer whose general distinguishing number
19 issued by the Texas Department of Motor Vehicles under the
20 authority of Chapter 503, Transportation Code, prohibits the dealer
21 from selling a vehicle to any person except a dealer; or

22 (D) a dealer who:

23 (i) does not sell motor vehicles described
24 by Section 152.001(3)(A);

1 (ii) meets either of the following
2 requirements:

3 (a) the total annual sales from the
4 dealer's motor vehicle inventory, less sales to dealers, fleet
5 transactions, and subsequent sales, for the 12-month period
6 corresponding to the preceding tax year are 25 percent or less of
7 the dealer's total revenue from all sources during that period; or

8 (b) the dealer did not sell a motor
9 vehicle to a person other than another dealer during the 12-month
10 period corresponding to the preceding tax year and the dealer
11 estimates that the dealer's total annual sales from the dealer's
12 motor vehicle inventory, less sales to dealers, fleet transactions,
13 and subsequent sales, for the 12-month period corresponding to the
14 current tax year will be 25 percent or less of the dealer's total
15 revenue from all sources during that period;

16 (iii) not later than August 31 of the
17 preceding tax year, filed with the chief appraiser a declaration on
18 a form prescribed by the comptroller stating that the dealer
19 elected not to be treated as a dealer under this section in the
20 current tax year; and

21 (iv) renders the dealer's motor vehicle
22 inventory in the current tax year by filing a rendition with the
23 chief appraiser in the manner provided by Chapter 22.

24 SECTION 2. This Act applies only to the ad valorem taxation
25 of a dealer's motor vehicle inventory for a tax year beginning on or
26 after the effective date of this Act.

27 SECTION 3. This Act takes effect January 1, 2014.

ADOPTED

MAY 22 2013

Atty Gen
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Craig Ester*

1 Amend H.B. No. 315 (senate committee printing) as follows:

2 (1) In SECTION 1 of the bill, in added Section
3 23.121(a)(3)(D)(iii), Tax Code, between "chief appraiser" and "a"
4 (page 2, line 3), insert "and the collector".

5 (2) Add the following appropriately numbered SECTION to the
6 bill and renumber the subsequent SECTIONS of the bill accordingly:

7 SECTION _____. Section 23.121, Tax Code, is amended by
8 adding Subsection (a-1) to read as follows:

9 (a-1) A dealer who has elected to file the declaration
10 described by Subsection (a)(3)(D)(iii) and to render the dealer's
11 motor vehicle inventory as provided by Subsection (a)(3)(D)(iv)
12 must continue to file the declaration and render the dealer's motor
13 vehicle inventory so long as the dealer meets the requirements of
14 Subsection (a)(3)(D)(ii)(a) or (b).

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (Relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **As Passed 2nd House**

<p>No significant fiscal implication to the State is anticipated.</p>
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This bill would amend Section 23.121 of the Tax Code, regarding property taxation, appraisal methods and procedures, and dealer's motor vehicle inventory, to amend the definition of "dealer" to exclude certain motor vehicle dealers from special inventory provisions.

The bill's provisions would exclude from special inventory provisions those motor vehicle dealers (1) who do not sell motor vehicles that are self-propelled vehicles designed to transport persons or property on a public highway, (2) whose adjusted total annual sales for the preceding tax year are 25 percent or less of the dealer's total revenue from all sources or who did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's adjusted total annual sales for the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period, (3) file with the chief appraiser and the collector a declaration stating that the dealer elects not to be treated as a dealer under special inventory provisions not later than August 31 of the preceding tax year, and (4) render the motor vehicle inventory by a filing a rendition in the manner provided by Chapter 22.

A dealer who has elected to file a declaration and to render motor vehicle inventory as provided under Chapter 22 must continue to file the declaration and render the dealer's motor vehicle inventory so long as the dealer's total annual sales from motor vehicle inventory is 25 percent or less of total revenue from all sources or the dealer estimates that the total annual sales from motor vehicle inventory for the current year will be under that threshold and the dealer did not sell a motor vehicle in the preceding tax year to another person other than a dealer.

The motor vehicle dealer option, under certain circumstances, to have their inventory appraised based on a different method than under current law could cause some change in the taxable value of the inventory. No information is available regarding the amount of the taxable value change; nor is information available about the number of dealers that would elect to have their inventory appraised by the alternate method.

Large motor vehicle dealers would not qualify to make the alternate appraisal election under the bill, so any taxable value change would not be of statewide significance.

This bill would take effect January 1, 2014.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 13, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (Relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

This bill would amend Section 23.121 of the Tax Code, regarding property taxation, appraisal methods and procedures, and dealer's motor vehicle inventory, to amend the definition of "dealer" to exclude certain motor vehicle dealers from special inventory provisions.

The bill's provisions would exclude from special inventory provisions those motor vehicle dealers (1) who do not sell motor vehicles that are self-propelled vehicles designed to transport persons or property on a public highway, (2) whose adjusted total annual sales for the preceding tax year are 25 percent or less of the dealer's total revenue from all sources or who did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's adjusted total annual sales for the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period, (3) file with the chief appraiser a declaration stating that the dealer elects not to be treated as a dealer under special inventory provisions not later than August 31 of the preceding tax year, and (4) render the motor vehicle inventory by a filing a rendition in the manner provided by Chapter 22.

The motor vehicle dealer option, under certain circumstances, to have their inventory appraised based on a different method than under current law could cause some change in the taxable value of the inventory. No information is available regarding the amount of the taxable value change; nor is information available about the number of dealers that would elect to have their inventory appraised by the alternate method.

Large motor vehicle dealers would not qualify to make the alternate appraisal election under the bill, so any taxable value change would not be of statewide significance.

This bill would take effect January 1, 2014.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 4, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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This bill would amend Section 23.121 of the Tax Code, regarding property taxation, appraisal methods and procedures, and dealer's motor vehicle inventory, to amend the definition of "dealer" to exclude certain motor vehicle dealers from special inventory provisions.

The bill's provisions would exclude from special inventory provisions those motor vehicle dealers (1) who do not sell motor vehicles that are self-propelled vehicles designed to transport persons or property on a public highway, (2) whose adjusted total annual sales for the preceding tax year are 25 percent or less of the dealer's total revenue from all sources or who did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's adjusted total annual sales for the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period, (3) file with the chief appraiser a declaration stating that the dealer elects not to be treated as a dealer under special inventory provisions not later than August 31 of the preceding tax year, and (4) render the motor vehicle inventory by a filing a rendition in the manner provided by Chapter 22.

The motor vehicle dealer option, under certain circumstances, to have their inventory appraised based on a different method than under current law could cause some change in the taxable value of the inventory. No information is available regarding the amount of the taxable value change; nor is information available about the number of dealers that would elect to have their inventory appraised by the alternate method.

Large motor vehicle dealers would not qualify to make the alternate appraisal election under the bill, so any taxable value change would not be of statewide significance.

This bill would take effect January 1, 2014.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 25, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (Relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would amend Section 23.121 of the Tax Code, regarding property taxation, appraisal methods and procedures, and dealer's motor vehicle inventory, to allow certain motor vehicle dealers to elect to have their inventory appraised under Section 23.12 of the Tax Code, at the price for which it would sell as a unit to a purchaser who would continue the business, rather than under the formula provided in Section 23.121.

The bill's provisions would apply only to motor vehicle dealers (1) whose adjusted total annual sales for the preceding tax year are 25 percent or less of the dealer's total revenue from all sources; or (2) who did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's adjusted total annual sales for the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period.

The bill would require the Dealer's Motor Vehicle Inventory Declaration form, promulgated by the Comptroller, to permit a dealer to make the election described above. An annual election would be required.

The motor vehicle dealer option, under certain circumstances, to have their inventory appraised based on a different method than under current law could cause some change in the taxable value of the inventory. No information is available regarding the amount or direction of the taxable value change; nor is information available about the number of dealers that would elect to have their inventory appraised by the alternate method.

Large motor vehicle dealers would not qualify to make the alternate appraisal election under the bill, so any taxable value change would not be of statewide significance.

This bill would take effect January 1, 2014.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

83RD LEGISLATIVE REGULAR SESSION

May 4, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **Committee Report 1st House, Substituted**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: UP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

83RD LEGISLATIVE REGULAR SESSION

April 25, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (Relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.). **As Introduced**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: UP, KK